



CALPEEK

CALIFORNIA POLITICAL WEEK

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CAMPAIGN 2002: IS PROP. 51 AIMED AT TRAFFIC CONGESTION RELIEF OR IS PROP. 51 PURE PORK?

Editor's note: With a committee which goes by the name of *YES on 51 – Conservationists, Farmers, Homebuilders, Native Americans, Higher Education and Community Groups Seeking Safe and Reliable Transportation*, what could possibly be causing so many newspapers to editorialize against *Prop. 51*? Turns out that Prop. 51 is one of the most controversial initiatives to ever hit the Calif. ballot. Here's our update & analysis...

...If approved, Prop. 51 (Transportation. Distribution of Existing Motor Vehicle Sales and Use Tax) would earmark about 30% of the sales tax revenue from the lease and sale of new and used motor vehicles to a variety of different projects – 45 projects which are specifically named in this measure sponsored by the Planning & Conservation League(PCL). That's about \$1 billion per year which now goes in the General Fund. And while most of the 45 named projects are transportation related (road/highway construction to relieve congestion, building bike paths and replacing school buses), some of the 45 projects are not related to transportation...

...Many of 45 projects listed in Prop. 51 are there because project sponsors paid a hefty "contribution" to be listed. That's why in one recent *L.A. Times* story by Nancy Vogel, State Sen. Kevin Murray(D-L.A.) called the proponents of 51 "initiative pimps." A little strong, Sen. Murray...

...Sources say that Prop. 51 is really nothing more than asking voters to approve 45 different pork barrel projects. And despite all the criticism, and there's lots of it, there is nothing illegal about 51 – although Calif. Legislative counsel thinks 51 is unconstitutional because some of the 45 projects are non transportation related. Examples: City of Irvine would get \$110 million to help with its Great Park project, while Mayor Jerry Brown's Oakland School for the Arts charter school would get \$10 million. And there's \$1.6 million in grants + \$40 million for a music concourse at Golden Gate Park. These projects (and others) have shown up in stories written about Prop. 51...

...When *Calpeek* distributed its *2002 Election Guide* back on Aug. 26th, there was no formal opposition. Now there is. It's got a real simple name: *NO on Prop. 51 Committee*. In the last campaign report (9/30/02), NO on 51 raised about \$65,000. That's a small amount compared to YES on 51, which has collected \$3,931,124 to date; has spent \$748,053 during this current reporting period and still has \$1.1 million cash on hand. That means tv and mail is on the way...

...Regardless, NO on 51 (being run by the *odd couple* of campaign management – Lenny Goldberg of the Calif. Tax Reform Assn. and Joel Fox, former head of the Howard Jarvis Taxpayers Assn.) seems to be doing an excellent job using guerilla warfare campaign tactics: lots of free news coverage and thus far collecting some very solid editorials bashing Prop. 51 (*L.A. Times*, *San Jose Mercury News*, *San Diego Union-Tribune*, *McClatchy newspapers*, *O.C. Register*, *Bakersfield Calif.* – to name a few.). There are no public polls, but NO on 51 sources say they've seen a recent private poll which shows NO at 41% vs. YES at 34%. There's still 25% which is undecided, meaning 51 could go in either direction. Stay tuned...

CAMPAIGN 2002: GARAMENDI FIGHTS MENDOZA TO WIN 2ND TERM AS CALIF. INSURANCE COMMISSIONER

Editor's note: When attorney and former Wilson Calif. Corporation Commissioner Gary Mendoza(R) first started exploring a run for statewide office, his original focus was on AG Bill Lockyer(D). At the very last minute, Mendoza, with a gentle push from the CA Republican Party, switched from AG to run for Insurance Commissioner. At the time, Mendoza had no idea he'd be up against former IC John Garamendi(D). Here's our update & analysis...

...Unlike some other candidates running statewide, neither Mendoza nor Garamendi had free rides in the primary, although most sources were confident that Mendoza would win because his rivals were under funded. Garamendi was a favorite too, but he had Demo rivals with resources...

...Some sources think Mendoza, of all the down ballot

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GOP candidates, has the best chance to win this job which regulates Calif.'s \$100 billion per year insurance industry. Others disagree, saying the former L.A. deputy mayor needs a war chest of at least \$3-5 million. The current report shows Mendoza with total contributions to date of just over \$1 million, with \$577,388 cash on hand. But Mendoza also has debts of \$203,000. Garamendi has raised \$2.6 million and has \$1.3 million cash on hand, with debts of \$642,302. There was a rumor floating around that the insurance industry might come in at the last minute with an **independent expenditure** for Mendoza, but those rumors seem have dissipated. If they did pull an ambush on Garamendi it could easily backfire – especially in the post-Chuck Quackenbush era...

... The latest polling data suggests Garamendi has a pretty good chance of winning. A late September L.A. Times poll showed him with 51% vs. 29% for Mendoza. The Field Poll (taken in late August/early Sept.) had the race much closer: 40% for Garamendi vs. 35% for Mendoza...

... Although he doesn't like to talk about it, if Garamendi wins Nov. 5th, there's little doubt he'll be looking at 2006 when Gov. Gray Davis(D) is termed out. (There is hardly any doubt now that Davis wins reelection Nov. 5th). As one source told *Calpeek*, "John has never met a political opportunity he could pass up." Having said that, our source says Garamendi wins on Nov. 5th...

... Still, Mendoza keeps slugging away – trying to get the news media interested in re-hashing Garamendi's 1991 takeover of Executive Life – a company which went belly up. The State sold EL's junk bond for \$3.5 billion (at 50 cents on the dollar) and some shareholders sustained a big loss. Mendoza blames Garamendi – but the former IC defends his actions. As for Mendoza, who likes to brag about being very pro-consumer, there is a saying that folks who live in glass houses shouldn't throw rocks. Case in point: Orange Co.'s First Pension Corp., where elderly investors lost \$136 million in the late 1980s when some company execs were convicted of fraud (ponzi scheme). In a civil action to recover, Mendoza and his law firm were dropped from the case when they settled for an undisclosed amount. Mendoza denied any knowledge of the scheme, but it's something which keeps popping up periodically, just like Executive Life. Stay tuned...

THE PRICE OF CALPEEK WILL GO UP NEXT YEAR
Calpeek will raise its base price of \$90 in 2003. We've been through at least 6 postage rate hikes without increasing our base price. Beginning Jan. 1, 2003, a 1 year subscription will go up by \$5 to \$95. A 2 year subscription will be \$175. Stay tuned...

CAMPAIGN 2002: GOTV EFFORT BY CALIF. DEMOS WILL BE HUGE. CALIF. GOP ISN'T COMPETITIVE.

Editor's note: By all accounts, the Calif. Republican Party (CRP) just hasn't kept pace with the Calif. Demo Party in fundraising. Latest reports filed with the SOS's office for the period ending Sept. 30th shows the Demos have spent \$11.1 million to date vs. \$3.6 million for the GOP and Demos still have \$9.7 million cash on hand vs. only \$2.2 million for the CA Republican Party. This \$\$\$ gap may show up on Nov. 5th unless the RNC comes to the rescue in the next week or so. Here's our analysis...

... Voters are in a sour mood and not just in Calif. It's across the nation. So the only way to get the voters out to the polls is with a GOTV (Get Out The Vote) effort. "Turnout is where it's at," says one Demo consultant...

... For several weeks *Calpeek* has been talking about the big Demo GOTV effort set for Nov. 5th. Here are some of the details. The CDP itself will spend about \$7 million on its GOTV effort. This includes precinct operations, phone banks, A/V and direct mail + voter registration. Registration ends Oct. 21st. Demos have set up 50 regional offices, fully manned. Overall director for the CDP effort is Kevin Acebo. The CDP effort is called the *Coordinated Campaign*. (FYI: the CA Republican Party calls their effort *Team Calif.* – it's similar to the CDP effort, but the CRP doesn't have the same kind of resources)...

... On top of this CDP effort, it's expected that Senate Demo Leader John Burton and Assembly Speaker Herb Wesson will put out at least \$5-6 million for Nov. 5th GOTV efforts in the 12th SD; 10th AD, 15th AD, 17th AD, 26th AD, 30th AD, 78th AD and 80th AD. Yes, the Demos have decided to target the 10th AD (Nakanishi) and anywhere else where Gov. Gray Davis(D) is up by 7-9 points. In addition to these 8 SDs/ADs, the Assembly/Senate Demos have base operations in key counties: S.F., Sacto, Alameda, Contra Costa, San Bernardino, L.A. and San Diego...

... Organized labor – which traditionally provide lots of foot soldiers – also has a full platter of GOTV projects. Statewide, sources say the AFL-CIO has budgeted more than \$1 million for GOTV efforts aimed at union members and households. At least 7 mailers (2 AVs/5 other) will be sent. The United Farm Workers(UFW) union, which recently scored a big legislative victory with Gov. Davis' signing of the new ag/labor bill, is reportedly going to spend \$1.5 million on a GOTV program aimed at Latino voters...

...Locally, labor has big operations planned for San Diego, Santa Clara and L.A. (in connection with the NO on F/H secession measures). L.A. Co.'s Federation of Labor will spend upwards of \$1 million on member-to-member communications (Parke Skelton & Steve Gray-Barkan are the consultants). Bottomline: the entire Demo/labor GOTV effort could be as much as \$15-17 million. Just a guess, but the CRP effort will fall \$10-12 million short of what the Demos spend – unless the RNC assists. Stay tuned...

CAMPAIGN 2002: CITY/COUNTY BALLOT MEASURES.

Editor's note: Here's *Part VI* in our continuing series of updates about key city & county ballot measures around the State...

◆ **Prop. N in San Francisco** – This is the measure put on the ballot by S.F. Co. Sup. Gavin Newsom, who is one of about 6 individuals who plans to run for mayor next year. The easy ballot title is Benefits for Needy Adults. The campaign is called *Care, Not Cash*. In effect, if N is approved, direct cash payments to the needy and homeless would be reduced. Supporters of N say the current "give the homeless cash" solution isn't working. The powers that be in S.F. (S.F. Co. Demo Central Cmt., State Sen. John Burton, the powerful SEIU and the Demo left – including all members of the Board of Supes *except* Newsom, Leland Yee and Tony Hall) are NO on N...

...Several years ago there was a similar measure on the local ballot and a Burton/labor coalition defeated it. But this time around sources are giving Newsom a 50/50 shot at winning passage – which might go a long way in his run for mayor next year. By outside standards, Newsom is a very liberal politician, but in S.F. he's viewed as a moderate. Regardless, his *Care, Not Cash* campaign has been up on cable tv for 6 weeks; 200,000 pieces of mail have been sent to voters; his campaign has IDed 40,000 YES on N supporters; and his campaign (headed by consultant Eric Jaye) claims to have 600 volunteers...

◆ **Props. F/H in Los Angeles** – The L.A. Times has released new polling data which shows that the Valley secession (Prop. F) in L.A. is losing citywide by a 56% to 27% margin, with 17% undecided. In the San Fernando Valley the new polling data shows secession going down by a margin of 47% to 42%, with 11% undecided. In the Hollywood area (Prop. H) secession is going down citywide by 60% vs. 19% margin. In the Central City area (Hollywood included), secession loses by a 65% to 20% margin, with 15% undecided. The poll was taken Oct. 5-14 among 970 likely voters...

◆ **Prop. JJ in Santa Monica** – This is the Living Wage referendum in Santa Monica. When the city council passed the Living Wage Law in 2001, F.A.I.R. (coalition of restaurants, hotels, chamber + retailers) collected signatures for this referendum. If approved, the proposed wage will be \$10.25 per hour (Calif.'s minimum wage is \$6.75). About 40 S.M. hotels and restaurants are impacted by this proposal – unless they are unionized. Union hotels and restaurants are *exempt*. And only hotels/restaurants near the beach are subject to this law. Both sides are walking and in the mail. YES on JJ has a big fundraiser set for Oct. 30th at the home of Stanley Sheinbaum. Other co-hosts includes The Doors drummer John Densmore and the West Wing's Martin Sheen. Antonio Villaraigosa and HERE Union Local 11 Pres. Maria Elena Durazo will be there too. For info, contact Kelly Hayes-Raitt at (310)581-4421. Stay tuned...

WAR ON TERROR: U.S. CONGRESS APPROVES USE OF FORCE AGAINST IRAQ. CALIF. DELEGATION SPLIT.

Editor's note: Here's the way the Calif. congressional delegation voted Oct. 10th to authorize the president to use armed forces to "defend the national security of the U.S. against the continuing threat posed by Iraq" and to strictly enforce U.N. resolutions. It passed in the U.S. House by a 296 to 133 vote, with 6 not voting; in the U.S. Senate it passed on a 77 to 23 vote. Here's our brief analysis & commentary...

...All 20 GOP members of the U.S. House voted YES, but the Demos were split: 8 Demos (Berman, Dooley, Harman, Lantos, Schiff, Sherman, Tauscher & Waxman) were YES, but the remaining 24 Demos voted NO. U.S. Sen. Dianne Feinstein(D) voted YES, U.S. Sen. Barbara Boxer(D) voted NO. Any surprises? Yes, a few: Gary Condit(D-Modesto) voted NO, while Waxman, who voted NO on the Gulf War resolution back in 1991, voted YES this time...

...Any potential political fallout from the vote in Calif.? Don't think so, at least not in 2002. Boxer faces reelection in 2004 and it might be an issue there, but it cuts both ways and there's no way to predict what the future might hold...

...One last thing to remember: If Saddam Hussein and Iraq are as big a threat as Pres. George W. Bush says, how come the Israelis haven't taken him out by now?? They certainly aren't afraid of worldwide opinion – look what they did in 1981 (bombed an Iraqi nuclear power plant under construction). And there's little doubt they have better intelligence sources than the U.S. On the other hand, there are those who say that force, not diplomacy, is the only way to deal with evil – and there's no doubt Saddam is evil. Stay tuned...

CAMPAIGN 2002: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Here's another update on key initiatives facing Calif. voters on Nov. 5th...

◆ **Prop. 46** – This is the \$2.6 billion housing bond sponsored by Senate President John Burton(D). In the latest contribution report (9/30/02), YES on 46 has received \$794,687 thus far, with \$314,490 in expenditures and some \$512,879 cash left over. A second committee in support of 46 (Builders for Prop. 47 and Prop. 46 – sponsored by the CA Building Industry Assn.) raised just over \$1 million and spent \$675,000. YES on 46 just distributed its first piece of direct mail (*Everyone needs a roof over their head*) to likely voters throughout Calif. FYI: the L.A. Times has come out YES on 46...

◆ **Prop. 52** – Although the smaller CA Federation of Teachers(CFT) has endorsed Prop. 52, Election Day Voter Registration(EDVR), the larger CA Teachers Assn.(CTA) has come out NO on 52. Also coming out NO on 52: the L.A. Times, KGO Radio, The Redding Record Searchlight and the Santa Rosa Press Democrat...

...YES on 52 has just mailed statewide a 4-page color brochure titled *If you don't vote, you'll never be heard*. Nice piece. YES on 52's campaign report shows \$3.2 million raised to date, with about \$2.5 spent during this 7/1 to 9/30 period. Cash on hand was \$6,505 – meaning YES on 52 has paid for its tv time and mail. NO on 52 (Citizens & Law Enforcement Against Election Fraud) showed \$115,655 raised to date vs. spending of \$106,645. Ending cash was \$62,709 + in late reports there's another \$85,000+ which NO on 52 is putting into a statewide radio buy. Not enough \$\$\$ for tv...

◆ **Prop. 50** – This is the \$3.4 billion g.o. bond for a variety of water projects. The YES on 50 committee is up on tv with a very impressive :30-second spot featuring a "firefighter" as spokesperson. YES on 50 has reported \$1,560,000 contributions, with \$1,699,146 in spending to date (meaning the tv time has been purchased). Ending cash on hand (9/30/02) was \$45,953. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Oct. 21	Last day to register for November election.
Nov. 1	VICA's 14 th annual Business Forecast Conf. 7:30 a.m. Warner Center Marriott Hotel.
Nov. 5	Calif. General Election.
Nov. 17-21	IAPC annual conference, Rio de Janeiro.
Dec. 3-7	Nat'l League of Cities, Salt Lake City, UT
Jan. 15-18	AAPC annual conference, Wash. DC

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Davis Vs. Simon Polling** – The latest poll taken by Survey USA (for tv stations KABC, KPIX, KXTV and KGTV) shows Gov. Gray Davis(D) leading GOP rival Bill Simon Jr. by a 48% to 33% margin, with Green Party candidate Peter Camejo at 9% and 10% for others/undecided. The private polling by Demos shows Davis holding a lead of 16-19 points. Simon's big problem: he's not getting many cross-over Demos and isn't scoring that well among DTS voters...

■ **Research Faux Pas** – During this campaign season a lot of "new/hot ideas" have been floated by candidates. The problem is that they did **not** do their homework in terms of current state-federal law. Chief case in point: Bill Simon with his proposal for mandatory state intervention in failing schools. As the SF Chron's education writer Nanette Asimov noted last week, this "new idea" is already mandated by Pres. Bush's 2001 Education Law *aka No Child Left Behind Act*. States have to comply with this to get Federal funding. Source say State education bureaucrats are already at work implementing the *Bush vision*....

■ **Nice Try Gil** - While not a "faux pas," the Federal Election Reform package (H.R. 3295) which just passed in Congress, moots or makes very difficult Assemblyman Gil Cedillo's efforts to get drivers licenses for non-citizens. The reason? The election reform package will essentially mandate uniform federal guidelines on driver's licenses because it is tied to voter ID files that the Feds mandate be centralized and computerized at the State level...

■ **San Diego DA's Update** – Although he has been under siege for months, the latest KGTV-TV poll by Survey USA shows San Diego DA Paul Pfingst leading Judge Bonnie Dumanis by a margin of 48% to 41%, with 11% undecided. The Survey USA poll was taken Sept. 28-30 among 690 likely voters...

SOME INFO YOU NEED TO KNOW ABOUT CALPEEK.

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